GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3067
ANSWERED ON:10.08.2001
ECONOMIC COST OF FCI
KANTI SINGH;RAGHUVANSH PRASAD SINGH

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have received the final report of the Administrative Staff College of India, Hyderabad to suggest ways and means to cut down the administrative and economic cost of the Food Corporation of India;

(b) if so, the salient features thereof; and

(c) the action taken or proposed to be taken for the implementation of the recommendations of the ASCI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)

(a) The Administrative Staff College of India, Hyderabad submitted its study report on the `Cost of Acquisition and distribution of Foodgrains by the Food Corporation of India` to the Government on 22nd May, 2001.

(b) The salient features of the study report are annexed.

(c) The recommendations made in the report are under examination.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF UNSTARRED QUESTION NO. 3067 TO BE ANSWERED IN LOK SABHA ON 10TH AUGUST, 2001.

The salient features of the Study Report of Administrative Staff College of India, Hyderabad to suggest ways and means to cut down the administrative and economic cost of the Food Corporation of India are as under:

(a) The autonomous existence in FCI is desirable and dispensing with FCI as an organization will not be in the interest of the nation.

(b) For making FCI viable, Government of India has to give up control over any two of the three factors consisting of (a) fixation of procurement price; (b) fixing of procurement quantity; and (c) fixing of issue price.

(c) To reduce stock levels, the FCI may be allowed to carry out open market sale as a routine process.

(d) The Food security is an important issue and it should not be left to the private traders, who are motivated by profit alone.

(e) The State Government may be insisted upon to lift the allotted quantity for PDS and for the unlifted stock with reference to the allotment, the State Government be asked to pay storage and interest charges.

(f) The Railways should take full responsibility of the consignments received for transport. They should not only issue clear RR, but deliver the consignment in the same condition at the destination to the FCI, fulfilling the obligation of the Bailee under the Contract Act.

(g) Difficult and hill transport subsidy scheme applicable for NE region and J&K be dispensed with.

(h) Financing of buffer stocks with borrowed funds from the Banking Sector should be done away with and the same be financed through Government grant/equity.

(i) Decentralized procurement should be encouraged.

(j) High cost departmental labour to be dispensed with.

(k) FCI may sell out all storage assets to Central Warehousing Corporation who can become a prominent storage carrier in the country.